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19 April 1955

MEMORANDUM FOR: All Project Officers, PAPS

SUBJECT : The Certification Requirements in Plans

1. In accordance with a discussion this date with the SSA/DDS, the following procedure will be followed by all Project Officers in connection with the certification provisions in Plans having to do with continuing operation

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a. Each draft Administrative Plan will be prepared to contain suggested certification language which PAPS deems to be appropriate.

b. If there is objection to such a provision, it will be deleted. If there is objection to the wording, it will be modified.

2. The above procedure will govern until further notice. Inasmuch as this entire issue is under review and analysis by higher echelons of the Agency, it may be anticipated that a changed procedure will be developed in the near future.



Project Administrative Planning Staff, DD/S

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GOOD MANAGEMENT OF CLANDESTINE ACTIVITIES

REQUIRES THAT CASE OFFICERS CERTIFY,

BASED UPON REPORTS OF ACCOMPLISHMENT AND OTHER AVAILABLE INFORMATION  
THAT THE ACTIVITIES THEY SUPERVISE WARRANT CONTINUATION

Reference: Memorandum to the DD/P from the Chief, WH Division, dated  
10 March 1955, Subject: Project Administrative Plans

1. Section X of Public Law 110 vests the DCI with complete responsibility for expenditures of confidential funds, subject only to his certification. The DCI, in turn, has provided for control of confidential funds in accordance with detailed Agency regulations. These regulations require an accounting for each advance of confidential funds to be submitted as a voucher, accompanied by a certificate by a payee. This certificate, which is substantially similar to that required to support expenditures by instrumentalities of the government without access to confidential funds, provides as follows:

"I certify that the expenses itemized by this voucher were necessarily incurred by me in connection with official business of a confidential nature, and that I have not been, nor will I be, reimbursed therefor from any other source; and that this voucher and attachments, if any, are true and correct in all respects."

2. The rationale for this certificate is that the peculiar mission of CIA does not relieve its officers and employees from exercising proper prudence in the expenditure of public funds, and that, insofar as authority for such expenditure is delegated by the DCI, his subordinates must affirm in a positive manner that expenditures of confidential funds are made only for necessary, reasonable, duly authorized and official purposes.

3. However, the Agency frequently undertakes projects which, by their nature, cannot be carried out in accordance with its published regulations, including that which requires the above-cited certification. Subsidy projects (such as [ ] mentioned in the above-referenced document) are explicitly designated by Agency regulations as a type of project which cannot be managed in conformity with regulations. The regulations provide, therefore, that [ ] projects (among other types of activities) shall be granted a "planned and considered waiver or modification of...Agency regulations...to the extent considered desirable" (Cf. Section 9.4 of the Confidential Funds Regulations). This "planned and considered modification of regulations" is designed to afford "optimum standards of sound administration compatible with the operational

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circumstances of each specific project" (Ibid), and is to be exercised through an appropriate Administrative Plan which shall set forth "the extraordinary authorities granted, and the policies, limitations, and procedural requirements conditional thereto" (Ibid).

4. Optimum standards of sound administration--an objective specified for Administrative Plans by the regulations--will, for any enterprise, overt or covert, always include procedures for confirming on a systematic basis that monies are being expended for the objectives contemplated by the disbursing entity. In the case of CIA's clandestine activities, a reasonable application of this yardstick is that the Agency shall secure the best possible confirmation, at regularly-specified intervals, if possible, that public funds spent for covert operations are being expended (to the maximum extent consistent with operational requirements) for purposes which will lead to attainment of the project objectives specified at the time of approval.

5. Optimum standards of sound administration also require the collection and systematic evaluation of any information which will assist in confirming--not only that government funds are spent for approved purposes--but also and in addition to this limited criterion, that adequate values are being received for CIA's subsidy grants. Then it is obvious that good management within CIA must necessarily require that the Agency should try to secure data of any type which will show it whether:

(a) There is a continuing need for its contributions and, if so, what amounts will ensure the optimum effort toward its objectives?;

(b) Its contributions are being put to effective use, or is the subsidized activity excessively expending CIA funds for activities outside the Agency's area of interest, or in other ways wastefully?;

(c) CIA is reasonably accomplishing its objective, i.e., does the subsidized entity achieve the impact upon the target which is the objective of CIA's grant?

6. An Administrative Plan for a subsidy project which does not provide procedures by which these questions can be answered makes little or no contribution to good management of an activity. On the other hand, if an Administrative Plan is properly developed, it will ensure that the information is available from which these determinations can be made, reserving the actual determination of worth to the responsible operating component. This information may be obtained in part from

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conversations between the case officer and project principals; from

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[redacted]  
forms of independent observation. It may also be obtained from financial reports, circulation reports, and financial audits, where these are obtainable. Likewise, such information is also obtained, often in a very significant form and manner, from reports of accomplishment submitted by the [redacted]. The number of projects where reports of accomplishment are unobtainable, upon request, is very small. Most [redacted] projects can obtain such reports from grant recipients, and many of them do so at present. However, the claim is sometimes made that although the requirement that financial reports be obtained is appropriate for inclusion in Administrative Plans, a requirement that substantive reports of accomplishment likewise be obtained from the [redacted] is an inappropriate administrative requirement.

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7. It is, however, the position of the DD/S that the determinations set forth at the conclusion of paragraph 5, above, can only be made through joint consideration of financial data and reports of accomplishment from groups or individuals who have [redacted]

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[redacted] Only when all such data are jointly considered can it be fully ascertained (a) [redacted] are being expended for the purposes agreed upon; (b) whether the Agency is getting an adequate return for such expenditure; and (c) whether continuing support of the activity is warranted.

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8. In its attempt to develop procedures appropriate to this basic requirement for good management, language was developed by the Project Administrative Planning Staff requiring that Agency officials concerned with project operation certify, at periodic intervals, that they have reviewed substantive reports of accomplishment and that, on this basis, plus other information available to them, they have determined the need

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[redacted] Upon its initial appearance in a Plan, this language was objected to by several operating divisions. Nevertheless, in commenting upon the Administrative Plan for Project [redacted] approved 17 March 1954, and one of the first to contain the text at issue, the DD/A stated:

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"I particularly approve of the writeoff provisions based upon the review of both financial and substantive reports by responsible operating officials. This should provide significant verification that Agency funds have been properly and effectively expended."

Accordingly, the objections of the operating divisions were overruled, not only by the DD/A but also by the COA/DDP, and the language continued in use.

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9. In December 1954, exception was again taken to this basic requirement, this time by the FE Division. Again the Plan at issue was approved notwithstanding such exception. In February 1955 the PP Staff once more questioned the propriety of the language then used to reflect this concept in Plans, and text was evolved by that element in coordination with PAPS, which retained reference to substantive reports in Plans, and required a certification by the field case officer based thereon, but utilized new language to give force and effect to this Plan provision. It is this new text, evolved after lengthy negotiation, reflecting a concept thrice previously challenged and thrice previously upheld, which is again cited and questioned by the WH Division in paragraph 2 of the referenced memorandum.

10. In the referenced memorandum the WH Division states that in no previous Plan prepared for it has such a certification by the field case officer been required. Attention is invited to the fact that the Administrative Plans for WH Division Projects [redacted], and [redacted] provide for a review of the reports of accomplishment. In addition, the Administrative Plan for WH Division Project [redacted] contained the same language included in [redacted]. All of these Plans received the unqualified concurrence of the Division.

11. In paragraph 3(a) of the referenced memorandum, the WH Division:

(i) Construes the questioned language as implying that the Division may not exercise a constant evaluation of its projects. If this may be interpreted to mean that the WH Division has evolved a method for systematic project evaluation, then there would appear to be no area for discussion on this point, as the procedure prescribed by the questioned paragraph in the Administrative Plan merely requires that the definitive determination, i.e., whether the [redacted] should be continued, shall be explicitly reflected in the permanent financial records of the Agency, as an elementary measure of prudent administration; and

(ii) Construes the questioned language as suggesting that primary operating responsibility for a WH Division project may lie elsewhere in the Agency. The WH Division should have no apprehensions on this score, however, since the intent of the language is not to relieve WH of a responsibility properly belonging to it but, on the contrary, is intended to vest the WH Division, and it alone, with precisely this responsibility. When the field case officer and his superiors at Headquarters review and approve the continuation of a project, and when such approval is recorded in the permanent files of the Agency, no other Agency component could be presumed to have determined, or to have the responsibility for determining, whether a [redacted] shall be continued or terminated. Accordingly, on this point, also, there appears to be no valid conflict between the viewpoint of the WH Division and that embodied in the Plan.

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12. In paragraph 3(b) of the referenced memorandum, the WH Division asserts that the language quoted in paragraph 2 thereof concentrates responsibility on the lower echelons, to the detriment of normal command functions at a higher level. The last sentence of the paragraph in question requires review and approval of the judgment of the field case officer by his Headquarters superiors, and quite clearly carries operating responsibility right up through command channels to Division Headquarters. In fact, the last sentence cited in paragraph 2 of the WH Division memorandum is specifically designed to define the responsibility of Headquarters to review project activities conducted by field case officers under its jurisdiction. In this manner it is hoped to eliminate instances which have frequently occurred in the past when, project deficiencies having come to light, the lack of explicit designation of responsibility has caused complete denial thereof by all operating echelons.

13. Paragraph 4 of the referenced memorandum indicates that the WH Division is in effect, substantially in agreement with the objectives and the language which it has questioned. It would therefore appear that an adequate explanation incorporating the approach set forth above would result in withdrawal of the objections raised to the cited paragraph; and continued use in Administrative Plans of text which reflects these basic concepts of good administration.

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Ken:

These are miscellaneous  
papers indicating dissatisfaction  
with Admin Plan concept  
& procedures. Since you are  
working on ways & means  
of correcting situation, you  
may want these for  
background or referral

File - for referral  
re Admin Plan  
considerations.

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